

In the Matter of:
VERONICA DAVIS
vs.
CONN APPLIANCES

ARBITRATION

Volume I

January 17, 2006



VERONICA DAVIS vs CONN APPLIANCES
Arbitration

1 AMERICAN ARBITRATION ASSOCIATION

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3 VERONICA DAVIS,

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5 Claimant,

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7 vs.

Case No.

01-17-0006-8007

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9 CONN APPLIANCES, INC.,

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11 Respondent.

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ARBITRATION

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25 Reported By: Candace Covey, RMR, CRR, CVR-RM

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Arbitration

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1 Q. And when we talk today about outbound calls,
2 I'm talking about outbound calls that are made by
3 Conn's agents to customers. Is Conn's making those
4 calls, or are there third parties making those calls
5 for Conn's?

6 A. We are making the calls. And specifically
7 here today, all the calls that we've been talking
8 about are calls that Conn's made.

9 Q. Okay. And where are your call centers
10 located?

11 A. Well, we have four or five. We have
12 Beaumont, Texas. We have San Antonio, Texas. We
13 have Phoenix, Arizona. And we have St. Joe,
14 Missouri. And then we have two offshore. One in the
15 Philippines, Manila. And then El Salvador. El
16 Salvador or San -- El Salvador, I believe, is
17 correct.

18 Q. Okay.

19 A. That are offshore. And the two offshore are
20 really helpful to our customer base that are
21 bilingual or speak primarily Spanish. And that's
22 where they help us with that customer base.

23 Q. Okay. So let's start by talking about the
24 Noble system and how you place calls using that
25 system.

1 at those eight different -- those six different call
2 centers?

3 A. The number has -- it does change over time
4 with the growth or shrink of our portfolio, but from
5 a range of 650 agents to 800 agents.

6 THE ARBITRATOR: I'm sorry. Say that
7 again, please.

8 THE WITNESS: Yes, sir. 650 agents to
9 800 agents. And that changes throughout a calendar
10 year.

11 BY MR. KERNEY:

12 Q. Okay. How would you describe the purpose of
13 the outbound calls that Conn's made to Ms. Davis
14 regarding her account?

15 A. Well, the reason for that phone call is to
16 remind Ms. Davis of the contractual obligations, to
17 inform the customer.

18 Now, many of our customers also ask that we
19 continue to make those phone calls as reminder phone
20 calls. They rely on those phone calls. But the very
21 specific nature of that is to inform the customer,
22 remind them of their obligation and then to educate
23 the customer on how this may impact their credit
24 moving forward, how we report to credit bureau
25 agencies, all with the goal to have that customer

1 come back and reshop us.

2 And just to be really important, and this is
3 kind of a nuance here, debt collections, this is not
4 where we've purchased debt. It's not where we have a
5 sheet of paper and we don't have a relationship with
6 a customer. We, as the retailer and then as the
7 creditor in this relationship, have an ongoing
8 purpose to ensure that our customers are paying
9 timely and that they are able to come back and reshop
10 us at Conn's. And so you'll hear on the phone calls
11 where agents are making that effort. That's the
12 purpose of each phone call.

13 **Q. Okay. So you would say the primary purpose**
14 **of each call is to remind customers about their**
15 **payments; is that correct?**

16 A. Well, I think there are several facets. It's
17 both as a reminder and forum to educate the customer
18 about their contractual obligation. That's the whole
19 reason for that phone call.

20 **Q. There is a secondary purpose, which is to**
21 **collect a debt, correct?**

22 A. Well, that does come up. I mean, that's --
23 that's part of the education, the informative portion
24 of that phone call, to remind the customer of that
25 contractual obligation that, hey look, we understand.

1 A customer is going to fall past due. We get that.

2 But the very technical sense of that is that
3 we have a bilateral agreement, we have a contract
4 that has the customer to an obligation to make
5 payments each month. And when something has impacted
6 that, we look at it as, from our business model, we
7 might lose a customer. We may not have the
8 opportunity to have that customer reshop us again.
9 And so that's the goal on each and every phone call
10 for all of our agents.

11 **Q. Sure. You also have to be concerned though**
12 **that the customer is not going to pay you, and that's**
13 **why you're calling them as well; isn't that true?**

14 A. Oh, yes, sir. I mean, that -- that -- again,
15 that goes back to that contractual relationship. You
16 know, we -- we're asking the customer to hold up to
17 their end of the bargain as well. And rightfully so,
18 we should too.

19 **Q. How many total active customer accounts does**
20 **Conn's have today?**

21 A. We're about 650,000 to 700,000 on our
22 portfolio.

23 **Q. How many of those accounts would you estimate**
24 **to be in collections on any given day?**

25 A. And to be very clear, we look at any account

1 would be okay.

2 MR. KERSEY: All right. I have nothing
3 further.

4 MR. TROUTMAN: I'm good. Thank you.

5 THE ARBITRATOR: All right. Any other
6 witnesses from either party?

7 MR. KERNEY: We just have three more we
8 wanted to call.

9 MR. TROUTMAN: No witnesses, but we do
10 have a couple of items to introduce by Respondent.
11 First, there's a stipulation that's been entered into
12 by the parties that Conn's does not utilize a random
13 or sequential numbers generator for using dialing
14 phone numbers.

15 MR. GOMEZ: That's only limited to this
16 arbitration.

17 THE ARBITRATOR: Understood.

18 MR. TROUTMAN: Second, with respect to
19 the testimony from the Barnes case that was utilized
20 earlier ostensibly for impeachment but now as a party
21 opponent --

22 THE ARBITRATOR: I have a note to ask you
23 about that, so please continue.

24 MR. TROUTMAN: We would like to introduce
25 for completeness of the record and only on the topic